



Tanger Bears Pile into Strength

Ticker/Price: SKT \$16.88

Analysis:

Tanger Factory Outlet (SKT) with 11,750 December \$16 puts bought for \$0.75 to \$0.80 today to open and name with sizable bearish open interest including 16,500 March \$17 puts bought for more than \$4M in late July. SKT has also seen buyers recently in the March \$13 puts, December \$14 puts, and January \$19 and \$17.50 puts, the former in size for more than \$1.65M. Shares are rebounding strong the last two weeks back into the September highs with the declining 200-day MA and weekly cloud just above at \$18. The \$1.51B company trades 19.75X earnings and 3X sales with an 8.7% yield. SKT sees EPS and revenue growth contracting next year while occupancy rates struggle amid more retail closures. SKT is a leader in outlet centers in the US with top tenants including ASNA, GPS, PVH, and UAA. US mall vacancies hit an 8-year high in September and rural or out-of-metro areas where SKT tends to be most concentrated hit hardest. Analysts have an average target for shares of \$20 with limited coverage. Goldman cut to Sell in May citing no visibility for long-term earnings growth. JP Morgan keeps at Sell as well. Short interest is 48% and sharply higher since December when it was around 21.5%. Hedge fund ownership rose 41% in Q2 and insiders were active on 8-20 buying more than \$300k in stock between three individuals.

Hawk Vision:



Hawk's Perspective: SKT is another one of these 'frequent flier' short names which have seen a lot of accumulation and likely remains under pressure with two of their top tenants facing major headwinds. I'd prefer to see a short-term topping candle, maybe closer to the 200-day, or position into earnings on 10-30

Confidence Ranking: \$\$